
The IR Journal

Inspector General, DoD Issues Positive Report on Army Internal Review

Volume 4 Issue 1

17 December 1998

IG, DoD Audit of Army Internal Review

The Inspector General, Department of Defense conducted their exit briefing for Mr. Ernest J. Gregory, Deputy Assistant Secretary of the Army (Financial Operations), Ms. Karen Wolff, Director, Financial Reporting and Internal Review, and Mr. Robert Barnhart, Program Manager for Internal Review, on 14 December 1998. The briefing came after 14 months of work looking at the way IR operates in support of local Army commanders.

Objectives for the audit were:

1. Determine whether Army Internal Review organizations effectively use their resources.
2. Determine whether the Army Internal Review organizations have an adequate planning process for audits.
3. Determine whether staffing levels are commensurate with audit organizations in other Military Departments.

The IG, DoD conclusions were:

1. "The Army Internal Review organizations reviewed are being used effectively. However, improvements could be made in the areas of compliance with GAGAS and regulations, followups, supervisory reviews, and quality assurance programs.
2. The Army Internal Review organizations reviewed did not consistently prepare the required annual audit plans, define or support the basis for selection of the planned reviews, and reconcile or justify major deviations of the planned work to the actual work accomplished.
3. The combined staffing level of the Department of the Army audit organizations (U.S. Army Audit Agency and Army Internal Review) are closest in comparison to the staffing level of the Air Force Audit Agency. However, differences in the organizational structures, the number of installations served, and workload mix affect the comparison of Army Internal Review to other Military Department audit organizations."

Of greatest concern to SAFM-FO was the lack of compliance with continuing professional education (CPE) requirements. This standard reflects both an individual, as well as a supervisory, responsibility. There are too many means of obtaining inexpensive training in today's environment. Also, we have a number of offices that have not secured an external quality review for up to ten years. Finally, the need for routinely documenting supervisory reviews has to be emphasized throughout the Program. We will make distribution to the IR community for your information and appropriate corrective actions.

Overall, the report was very positive about the great things you are doing in IR. Keep providing your customers with the products and services they require and you can't go wrong!

"Never confuse motion with action."

--Ben Franklin

Our Director's Holiday Message

By Ms. Karen K. Wolff

I'd like to take this opportunity to thank each and everyone of you for a very productive and successful 1998. Your competence, professionalism and energy have made the IR services we perform a value-added commodity and have directly contributed to making the United States Army a more effective and efficient organization. I am very proud of your continuing tenacity, dedication and selfless service! We have a number of challenges, rather opportunities, to address during 1999 and a lot of great work to be done. I am sincerely thankful and feel privileged to be a part of this great community. I look forward to working with you to realize the objectives, goals and vision we set for ourselves. Merry Christmas and a Most Blessed New Year to each of you and your families.

Steering Group to Meet in January 1999

The IR Steering Group will be meeting 25 through 28 January 1999 just outside of Wilmington, NC. Current plans are for Monday, 25 January 1999, to be used to cover old and new business issues. Tuesday through Thursday however, will be used to develop a completely new strategic vision and plan for Army IR. By close of business on Thursday, we expect to have a new vision, mission statement, goals and supporting plans (actions) for achieving the goals and ultimately, the vision.

If you have ideas you'd like to have considered, please e-mail them to this office (barnhrw@hqda.army.mil) or to a member of the IR Steering Group. Your Steering Group members are:

Mr. John Templeton - USACE	Mr. Archie Ford - AMC	Mr. Walt Morrison - NGB
Mr. Bill Whanger - USAREUR	Mr. Frank Bono - USAR	Mr. Bob Barnhart - SAFM-FOI
Mr. Rohm Thompson - MEDCOM	Mr. Dennis Joe - FORSCOM	Mr. Frank Slayton - TRADOC
Mr. Fred Carballo - USARPAC	Mr. Bill Check - CFSC	
Mr. Bill O'Hare - ASC - At Large		
Mr. Ted Wendell - USMA - At Large		
Ms. Barbara Adcox - XVIII Airborne Corps & Fort Bragg -At Large		

"Whoever controls the media--the images--controls the culture."

- -Allen Ginsberg

True or False?

*We found a real no brainer for you this quarter. But remember, we've caught you speeding before.
French fried potatoes were first served in France, of course. Right?*

(Answer on Page 14)

The Training Corner

By Ms. Michelle Doyle

FY 99 IR Training Program Schedule

Due to funding constraints, AAA has canceled the following courses:

- Basic Communications, 25-28 January 1999 (previously announced in E-mail dated 19 Nov).
- Instructor Training, 1-5 March 1999
- Joint Fraud Course, 1-3 June 1999
- Intermediate Auditor School, 21-25 June 1999

Joint USAAA/USAFAA/IR Audit Leadership Course

If you're an "experienced" auditor looking for some CPE this year, don't overlook the Joint USAAA/USAFAA/IR Audit Leadership Course. Designed for the more senior (in terms of experience) auditors, the course provides some excellent training. The two week course is normally conducted at March Air Reserve Base, San Marino, California. The last course however, was held at Dobbins Air Force Base, Atlanta, Georgia. The course manager, Ms. Anita Brand, USAFAA, states that additional courses may be scheduled on the East Coast in the future. While the USAAA limits attendance for their people to the first week, Army IR personnel may attend for the entire course.

The curriculum is as follows:

Subjects: 1st week

- a. Myers-Briggs
- b. Team Building
- c. Communications
- d. Marketing
- e. Strat Planning
- f. Personal Development
- g. Leadership Intro (Objectives)
- h. Leadership II
- i. Leadership III
- j. Time Management
- k. Intro Speaker
- l. Self-Leadership
- m. Concluding Speaker
- n. Assessing Reliability

Subjects: 2nd Week

- C4I
- DFAS
- ANG
- AFRC
- Sensitivity
- Rountable
- Technical Review
- Computer
- Commander's Perspective
- USAF Perspective
- Contracting
- Ethics
- Y2K
- Stress

Course Dates

March 8 - 12/19

June 7 - 11/18

August 9 - 13/20

Training Opportunity

The 90th Reserve Support Command (RSC), North Little Rock, Arkansas, will be hosting a one day IR training workshop Friday, 9 April 1999. Tentative plans call for training in Quick Response Auditing, Consulting and Advisory Engagements, Benefits, Liaison and Follow-up, and Management Controls. The workshop is open to all internal auditors. If interested, please contact the IR office at the 90th RSC at (501) 771-8920/8923, or E-mail at wallacew@usarc-emh2.army.mil.

"An ignorant person is one who doesn't know what you have just found out."

- -Will Rogers

ONLINE SEMI-ANNUAL REPORTING

If you haven't pulled up the new semi-annual report format from cyberspace and assisted in the Beta test, you're not alone. In fact, as of 7 December, less than half of all IR shops had 'played' with the report data. Yes, the site was closed down for a little over a week last month; and, Yes, we know that you're real busy. **BUT**, we'd really like to ferret out all the bugs before we go live in a couple of months - March 1999.

To accommodate the test, we are leaving the site open for input until 18 December 1998. After that date, you'll have to wait until submitting your real semi-annual report to figure out how it works.

"Education is the ability to listen to almost anything without losing your temper."

- - Robert Frost

In Touch

(by Frank Bono, USAR)

1. Did you know that within the non-government professional audit community, use of the term "auditee" is generally being replaced by "audit client" or "entity under review?" Within the Army IR community, we have been using "customer." I suggest we consider using "client."
2. Everyone in IR needs to be a leader. What makes a Leader? According to OPM, there are five executive "core qualifications" and 27 "leadership competencies." They are:

<u>Leading Change</u>	<u>Leading People</u>	<u>Results Driven</u>
Continual Learning	Conflict Management	Accountability
Creativity and Innovation	Cultural Awareness	Customer Service
External Awareness	Integrity/Honesty	Decisiveness
Flexibility	Team Building	Entrepreneurship
Resilience		Problem Solving
Service Motivation		Technical Credibility
Strategic Thinking		
Vision		
<u>Business Acumen</u>	<u>Building Coalitions/Communications</u>	
Financial Management	Influencing/Negotiating	
Human Resources Management	Interpersonal Skills	

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Dec 98

Technology Management	Oral Communication
	Partnering
	Political Savvy
	Written Communications

[GOVERNMENT EXECUTIVE, Nov 98]

3. Five Tenants for Delivering Quality, Customer-Focused Service.

- 1 - Always value and honor the customer.
- 2 - Use your good judgement at all times.
- 3 - Charge personnel to service the customer and give them the authority to do it.
- 4 - When the customer talks, jump.
- 5 - Always make decisions that favor the customer.

[THE PUBLIC PURCHASER, Nov/Dec 98]

4. According to the 1998 CFO Compensation Survey, the top corporate audit executive's average base salary is \$113,500.

5. The IIA's Guidance Task Force [GTF] was created to review the organizational structure and processes used to update The Standards for the Professional Practice of Internal Auditing. The GTF's final report contained the following recommended revised definition of internal auditing.

"Internal auditing is an objective assurance and consulting activity that is independently managed within an organization and guided by a philosophy of adding value to improve the operations of the organization. It assists an organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance process."

Internal auditing is a dynamic and evolving profession that anticipates change in its operating environment and adapts to changes in organizational structures, processes, and technology. Professionalism and a commitment to excellence are facilitated by operating within a framework of professional practice established by The Institute of Internal Auditors."

6. "What Do Internal Auditors Do?" is the title of a poem on the responsibilities of internal audit professionals written by Lawrence B. Sawyer, JD, CIA, PA. Mr. Sawyer is the author of "The Practice of Modern Internal Auditing," currently entitled "Sawyer's Internal Auditing, 4th Edition." Here is the poem.

We test without apology
Both safety and ecology
And inventories, budgets, and production.
Checking scrap and sanitation
Overtime, and transportation --
Not forgetting cost accounting and construction.
We test sales and check insurance
(EDP tries our endurance

As we audit payroll, cash, and simulation!)
We study management by objective,
Test controls that are defective,
And evaluate employee compensation.
We do sampling and regression
And there is a strong impression
We're responsible for catching all the crooks.
We are really in our element
With research and development --
But thankfully, we do not keep the books.
We check aircraft, trucks, and motor cars,
And rockets that fly up to the stars,
And leases, loans -- even personnel.
We examine engineering
Even salvage is endearing
And we check on records management as well.
There is nothing we can't verify --
There's nothing that escapes our eye,
Alert to all misconduct and to fraud.
We will go where others fear to tread
And as it has been often said,
"We're the eyes and ears of management
And the board."

"Hard work never killed anybody, but why take a chance?"

Charlie McCarthy (Edgar Bergen, 1903-1978)

Health Care Fraud

by Mr. Tom Rose

Each year employers send trillions of dollars to the medical industry for the benefit of their employees. Most of this is done through a third party such as Blue Cross/Blue Shield, GHI, and OCHAMPUS who receive a fee for their services. While statistics show that most medical costs are legitimate, we often hear where some unscrupulous provider was arrested and charged with fraud. What are they charged with and what does it mean? I have summarized some of the ways medical fraud is committed in hopes that education will help reduce dishonesty in a highly regarded profession.

Billing for Items/Services Not Actually Rendered

A claim representing services that were simply not performed - in all or part.

DRG Creep

The practice of billing using a Diagnosis Related Group (DRG) code that provides a higher payment rate than the DRG code that accurately reflects the service furnished to the patient.

Duplicate Billing

The practice of submitting more than one claim for the same service or simultaneously submitting a bill to more than one primary payer at the same time. Duplicate billing can occur due to simple error; however, systematic or repeated double billing may be viewed as a false claim, particularly if any overpayment is not promptly refunded.

Outpatient Services Rendered in Connection with Inpatient Stays

The practice of submitting claims for outpatient services that are included in the hospital inpatient DRG or professional's global fee.

Providing Medically Unnecessary Services

A claim requesting payment for medically unnecessary services for care that is not warranted by the patient's current and documented medical condition. On every HCFA claim form, a physician must certify that the services were medically necessary for the health of the beneficiary.

Unbundling:

The practice of submitting bills piecemeal or in fragmented fashion to maximize the reimbursement for various tests or procedures that are required to be billed together and therefore at a reduced cost.

Upcoding

The practice of using a billing code that provides a higher payment rate than the billing code that actually reflects the service furnished to the patient.

"An undefined problem has an infinite number of solutions."

- - Robert A. Humphrey

Internal Review Assumes Management Control Process Within Reserves

By Mr. Frank Bono, USAR

On July 9, 1998, MG Plewes, The Chief, Army Reserve (CAR), formed the USAR IR&MCP Office by combining the U.S. Army Reserve Personnel Command (AR-PERSCOM) IR staff and the U.S. Army Reserve Command (USARC) IR staff, and establishing a new IR position at the Office, Chief, Army Reserve (OCAR). The USAR IR&MCP Office is responsible for providing IR services to the CAR, DCAR, and OCAR Staff; the USARC CG, DCG, Chief of Staff, Staff, and Major Subordinate Commanders; and the AR-PERSCOM Commander, Deputy Commander, Chief of Staff, and Staff. The new office is also tasked to administer the MCP for the CAR, who sends his annual assurance statement to the Secretary of the Army, and for the CG, USARC, who sends his statement to the CG, FORSCOM.

On October 1, 1998, the USAR IR & MCP Office established a USAR Internal Audit Committee (USAR IAC). Charter members of the USAR IAC are the DCAR; USARC CoS; AR-PERSCOM Commander and Deputy Commander; and Director, USAR IR&MCP. The committee will be responsible for directing, approving, and prioritizing IR services performed by a unified USAR IR staff to the USAR. The Director and Deputy Directors, USAR IR&MCP, will present the draft annual IR Plan to the USAR IAC during the Sep/Oct timeframe each year. The USAR IAC reviews the draft plan and makes changes as deemed necessary to ensure the plan sent to the CAR is in-line with and responds to the priorities and needs of the CAR, USARC CG and DCG, and AR-PERSCOM Commander. The USAR IAC will meet quarterly to review accomplishments, work in progress, and work planned for the next quarter. They will update the plan and make any necessary adjustments or changes.

In the future, the USAR IAC also will review the annual plans of all MSC IR offices throughout the USAR. In an effort to provide greater visibility and oversight by the USAR IAC, and to enhance productivity levels for all USAR IR offices, a consolidated audit plan is being developed from each approved MSC annual plan. This consolidated audit plan will list audit topics and identify the MSCs scheduled to perform the audits. The plan will serve two important functions. First, it will inform the USAR IAC of audit efforts for the entire USARC; thus, providing greater visibility of MSC focus on the CAR's 4Rs --Readiness, Retention, Resources, and Relevance. Second, it will enhance the USAR IR & MCP Office's oversight capabilities and serve as a source of information to be shared with all MSCs. The sharing of available information should lead to increased efficiency and productivity as MSC IR Offices are encouraged to request assistance from other IR offices that may have already performed the audit. Our goal is to have the consolidated plan completed and distributed by 15 Dec 98.

"Education is what survives when what has been learned has been forgotten."

B.F. Skinner:

BROKEN

By J. L. Wood

I'm not going to rehash the management control process, but hopefully shed some light on a different approach in the process of management evaluations conducted by assessable unit managers (AUM). As defined in AR 11-2, "Key management controls are those controls that are absolutely essential to ensuring that critical processes operate as intended and that resources are safeguarded from fraud, waste and misuse. Various factors might be considered in deciding which controls are key controls, but the fundamental criterium is the severity of adverse impact, should the control fail, or fail to be used (that is, a key control is one whose failure would "break" or seriously impair the system)." Under the above definition, the failure of a KEY CONTROL or failure to be used would "break" or seriously impair the system (operations). A control does not have to be a key control to have an adverse impact.

Case in point: several years ago a soldier lost his life simply because a roster list was not checked when his unit returned from the field. Not checking the roster list did not break or impair operations (the unit still had the ability to perform its mission), but the impact of not implementing that simple control cost a life. What managers should consider in the evaluation of their operations is the impact of not implementing a control could have.

"If people did not sometimes do silly things, nothing intelligent would ever get done."

- - Wittgenstein

Guard = Proactive IR Training

By LTC Larry Freuff, NGB-IR

Supervisory Course & Mentor Program

With an increase of new Supervisory Auditors coming on board this year, NGB-IR has designed an Introductory Supervisory Auditors Orientation Course and Mentorship Program. This program was initiated on 15 – 17 September 1998 at the NGB-IR offices located in Alexandria, VA. The course was well received by the new Supervisory Auditors and the new United States Property and Fiscal Officers that attended.

The course provided overview briefings from audit agencies external to the NG. Guest speakers discussed their agencies' missions and relationships with the NG. A special thank you goes out to:

Mr. Robert Pelletier, Assistant Director, National Security Analysis, GAO
 Mr. John Koch, Director of Public Relations, DODIG
 Ms. Karen Wolff, Director, Financial Reporting and Internal Review, ASA(FM&C)
 Mr. Thomas Druzgal, Deputy Auditor General for Financial Audits, USAAA
 LTC Frank Wyckoff, Deputy, NGB-ZPF

Presenters and topics were:

Mr. Tony Gullotta, Supervisory Auditor, PANG - Annual Program Development, Audible Entity Files, and Determining Risk.

Mr. Lane Haskew, Compliance and Liaison Officer, NGB-IR - Semi-annual Reporting, External Audit Activities, Liaison Coordination and Audit Follow-up.

Mr. Melvin Meyer, Deputy Director, NGB-IR and Chief, Operations Branch - Supervisory Review of Working Papers, and Controlling Audit Projects.

Mr. J. Harry Tate, Chief, State Programs Branch, NGB-IR - Quality Assurance.

LTC Larry Freauff, Training Officer, NGB-IR - presided over the course and presented NGB-IR National Training Program, Training Management Control Program, and IR Marketing.

At the conclusion of the course, each new supervisory auditor was assigned a Mentor. Mentors are experienced Supervisory Auditors who are only a phone call away from their assignees. The new supervisors will participate in the Mentorship program for one year.

Distance Learning

A short two-day course entitled "Cooperative Agreement Auditing" was presented as a joint Distance Learning venture between NGB-IR and the Pennsylvania National Guard – IR. This initiative, the first of its kind, was hosted by the PANG via their Distance Learning Network (DLN) on the 27th and 28th of October, 1998. The course was taught by representatives of NGB's Office of Acquisition at the Fort Indiantown Gap DLN site and broadcast to other DLN and VTC sites around the country. The utilization of the DLN is considered a success with over 105 students participating.



Our Holiday Gift To You

IF I HAD MY LIFE TO LIVE OVER

by Erma Bombeck

I would have talked less and listened more.
 I would have invited friends over to dinner even if the carpet was stained and the sofa faded.
 I would have eaten the popcorn in the 'good' living room and worried much less about the dirt when someone wanted to light a fire in the fireplace.
 I would have taken the time to listen to my grandfather ramble about his youth.
 I would never have insisted the car windows be rolled up on a summer day because my hair had just been teased and sprayed.

 I would have burned the pink candle sculpted like a rose before it melted in storage.
 I would have sat on the lawn with my children and not worried about grass stains.
 I would have cried and laughed less while watching television and more while watching life.
 I would have shared more of the responsibility carried by my husband.
 I would have gone to bed when I was sick instead of pretending the earth would go into a holding pattern if I weren't there for the day.
 I would never have bought anything just because it was practical, wouldn't show soil or was guaranteed to last a lifetime.
 Instead of wishing away nine months of pregnancy, I'd have cherished every moment and realized that the wonderment growing inside me was the only chance in life to assist God in a miracle.
 When my kids kissed me impetuously, I would never have said, "Later. Now go get washed up for dinner."
 There would have been more "I love yous" .. more "I'm sorrys" .. but mostly, given another shot at life, I would seize every minute.....look at it and really see it.. live it.. and never give it back.
 Don't forget to stop and smell the roses today! Take time to tell a loved one how much you love them, do something nice for yourself, and stop to give God thanks for all of it.

"After they make styro-foam, what do they ship it in?"

- Steven Wright

IR Roundup

Professionalizing -

- The Indiana Board of Accountancy approved **Mr. Derrick Miller's** application for issuance of certified public accountant license at their meeting November 20, 1998. Mr. Derrick Miller is with the Internal Review Office at the 100th Area Support Group in Grafenwoehr, Germany. He was formerly employed by the DODIG in Arlington, Va.

Promotions –

- **Mr. Frank Bono**, Director, USAR Internal Review, was promoted to GM-15. Congratulations for a well deserved promotion!
- **Mr. Melvin Meyer**, Deputy Director and Chief, Audit Operations Branch, NGB-IR was recently promoted to GS-14.
- **Major Ronald Spencer**, NGB-IR, was also recently promoted to his current rank. Did he buy yet?
- Congratulations to **Mr. Nayer M. Mahmoud** on his recent promotion. The U.S. Army Alaska promoted the IR Chief to GS-13, June 1, 1998, as a result of Mr. Mahmoud's re-vitalization of the IR function at USARAK
- **Ms. Beverly J. Bennett**, USAREUR IRACO, was promoted to GS-12 effective 6 Dec 98. Congratulations Beverly!
- **Mr. Timothy B. Smith**, USAREUR IRACO, was promoted to GS-06, Audit Assistant, effective 20 Dec 98. Congratulations Tim!

Hail/Farewell -

- The Army's IR community lost one of its most outstanding leaders when **Mr. George Sullivan**, USASOC, accepted the position of Deputy Chief of Logistics, XVIII Airborne Corps. George was instrumental in forging many of the customer oriented changes that have become models for government internal audit organizations. The great thing about George was that you could visit his office and see, in practice, those things he proposed to others. We wish George the very best in his new position and congratulate the XVIII Abn Corps Chief of Logistics for such an outstanding selection.
- Headquarters, U.S. Army, Europe, and Seventh Army (USAREUR), Internal Review and Audit Compliance Office, Heidelberg, Germany welcomes three new personnel:
 - **Ms. Beverly J. Bennett** was selected for promotion to GS-12 and transferred to USAREUR IRACO from the Internal Review Office, Ft. Irwin, California effective 6 Dec 98. Congratulations Beverly, good luck in your new position, and welcome back to Germany.
 - **Mr. John T. Ferguson** transferred to USAREUR IRACO from the Internal Review Office, DFAS Indianapolis Center, Indianapolis, Indiana effective 17 Jan 99. John is no stranger to Germany as he worked at the 21st TAACOM in Kaiserslautern back in the good old days - 1983 - 1986. Welcome back and best wishes in your new position.
 - **Mr. Timothy B. Smith** was selected for promotion to GS-06, Audit Assistant, and transferred to USAREUR IRACO from the 26th Area Support Group, Heidelberg, Germany. Tim has held a variety of positions since leaving active duty - we wish him much luck in the world of Internal Review.
- **Mr. Pedro (Pete) Toscano** reported to the National Training Center, Fort Irwin, CA. As their new IR Chief on 7December 1998. Pete's former audit work was with the IG, DoD. Welcome to the IR Community!
- A number of Supervisory Auditor departures have been experienced recently in the National Guard. We wish them all luck and continued success.
 - **Ms. Carol Johnson**, Arkansas
 - **Mr. Donald Morrison**, Georgia
 - **Mr. Michael Grove**, Iowa
 - **Mr. David Connelly**, Massachusetts
 - **Mr. Anthony Gulotta**, Pennsylvania
- A hearty welcome goes out to the following new Supervisory Auditors within the National Guard:

- **Ms. Lajuana Jeffery**, Arkansas
- **Mr. Stephen Scott**, Georgia
- **Mr. Robert Chilton, Jr.**, Kentucky
- **Mr. John McInnis**, Louisiana
- **Mr. Gil Caetans**, Massachusetts
- NGB-IR would like to welcome two new employees - **Ms. Lori Anderson** and **Ms. Gwen Bush**.
WELCOME ABOARD!

Vacancies -

- Headquarters, U.S. Army, Europe, and Seventh Army (HQ USAREUR/7A) IRACO is currently recruiting for two GS-0511-12 auditors and anticipate two additional vacancies (GS-0511-12) during January and February 1999. Candidates who are interested in a lateral transfer may apply directly to the IRACO. Interested candidates should forward their appropriate SF 171, or DA Form 2302, along with a copy of their most recent SF-50, and Senior System Civilian Evaluation Report to:

HQ USAREUR/7A
IRACO; ATTN: AEAGX-IA
UNIT 29351
APO AE 09014

For additional information, please contact Bill Whanger via E-mail at:

whanger@cmdgrp.hqusareur.army.mil.

Personals -

- It is with a sense of deep regret that we must inform you of the serious illness of a dear friend and fellow IR community member. **Mr. Ernest Adkins**, formerly the Supervisory Auditor, Ohio National Guard, has been a soldier, patriot, an highly respected member the DA and NG IR communities. Ernie has been diagnosed with Pancreatic Cancer and has begun treatment. We ask that you take a moment to remember Ernie in your thoughts and prayers. Cards and letters may be sent to Mr. Ernie Adkins, 183 Hawthorne Blvd., Delaware, OH 43015.

"Life's most urgent question is: what are you doing for others?"

- - **Martin Luther King**

Tax Facts

Submitted Mr. Henry Wheatley, Ft. Knox

With another tax year coming to a close, numerous members of our community will be burning the midnight oil as they serve their tax clients once again. Mr. Henry Wheatley, a veteran of many tax seasons, offers us the following insights.

"The latest figures from last year's tax season show that close to 55 percent of individual tax returns were signed by a paid preparer. That figure was up from just over 53 percent for the same period in tax year 1996. Other figures show that there were approximately 1.2 million income tax returns that showed an adjusted gross income (AGI) of \$200,000 or more. Of this number, 998 reported no U.S. income tax liability. The number of individual tax returns filed last season rose to 113.1 million. Electronically filed returns showed a significant increase, rising to 24.4 million returns from 19.0 million the year before."

"Human beings are the only creatures that allow their children to come back home."

- -Bill Cosby

The Trouble Tree

Submitted by Mr. Henry Wheatley, Fort Knox

The carpenter I hired to help me restore an old farmhouse had just finished a rough first day on the job. A flat tire made him lose an hour of work, his electric saw quit and now his ancient pickup truck refused to start. While I drove him home, he sat in stony silence. On arriving, he invited me in to meet his family. As we walked toward the front door, he paused briefly at a small tree, touching the tips of the branches with both hands.

When opening the door, he underwent an amazing transformation. His tanned face was wreathed in smiles and he hugged his two small children and gave his wife a kiss. Afterward he walked me to the car. We passed the tree and my curiosity got the better of me. I asked him about what I had seen him do earlier.

"Oh, that's my trouble tree," he replied. "I know I can't help having troubles on the job, but one thing for sure, troubles don't belong in the house with my wife and the children. So I just hang them up on the tree every night when I come home. Then in the morning I pick them up again.

"Funny thing is," he smiled, "when I come out in the morning to pick 'em up, there ain't nearly as many as I remember hanging up the night before."

--Author Unknown

(from *A 4th Course of Chicken Soup for the Soul*, Copyright 1997 by Jack Canfield, Mark Victor Hansen, Hanoch McCarty & Meladee McCarty)

True or False?

(Answer from Page 2)

False!!!

Did we catch you jumping to a conclusion once again? Here's the story - "Belgians claim that 'French' fried potatoes originated not in France but in Belgium. A gentleman of Liège named Rodolphe de Warsage (born 1876) writes of bringing home this delicacy from the little shops where they were prepared, tasting them on the way. (In those days Belgian "French" fries were not prepared in the home.) Their popularity spread to the north of France, especially Lille. And now - *voilà*. They are everywhere. Especially America."

Sources: *The Dictionary of Misinformation*; by Tom Burnam, copyright 1975

MANAGEMENT CONTROL CORNER

*By
Peggy Johnson, SAFM-FOI*

Secretary of the Army's Fiscal Year 1998 Annual Assurance Statement - The Secretary of the Army signed the FY 1998 Annual Assurance Statement on 10 November 1998. The Annual Assurance Statement satisfies a requirement of the Federal Managers' Financial Integrity Act that says each agency will yearly report the status of their management controls. The Army statement along with the other services feeds into the Secretary of Defense statement, which goes directly to Congress and the President. In this year's qualified statement, the Secretary reported sixteen Army level material weaknesses. Of these, four were new weaknesses concerning: (1) processing of potential violations of the Antideficiency Act; (2) management of unexploded ordnances; (3) pollution prevention; and (4) the National Guard

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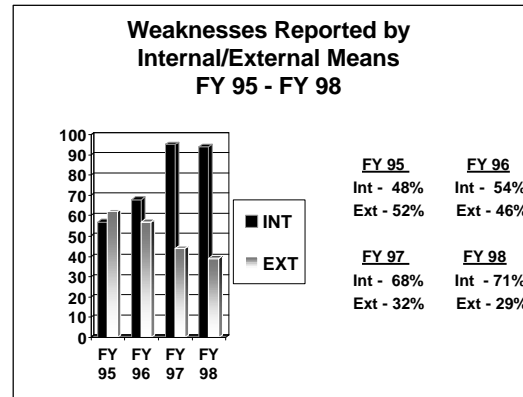
United States Property and Fiscal Officers' rating chain.

The Secretary recommended that the Office of the Secretary of Defense report the management of unexploded ordnance as a Department of Defense "systemic weakness," a service-wide problem that requires a coordinated service-wide solution. The justification was that without improved management of unexploded ordnance, access to military training areas for all services could be restricted by outside entities such as environmental agencies. This would compromise Defense's ability to train, test, and field an effective fighting force. We have been advised by the Office of the Secretary of Defense that they are seriously considering this recommendation.

Of the 133 material weaknesses reported by MACOMs and HQDA staff agencies, we were pleased to see that a slightly greater percentage, 71% in FY 1998 versus 68% in FY 1997, were identified through internal sources instead of external sources. Internal sources are checklists, Internal Review audits, or other in-house reviews, inspections or evaluations. External sources are activities outside the organization that audit or inspect an activity. We feel that enhancing the management control process should improve internal identification of weaknesses. So an Army-wide increase in the percentage of internal sources over external sources is a good news story for the management control process!! In fact, the percentage has been gradually increasing since FY 1995 as the graph on the next page reflects.

Also included in the statement are the many exceptional ways the Army major commands and HQDA staffs have used to enhance the management control process Army-wide. For a look at the Secretary's statement, go to the management control process homepage at <http://www.asafm.army.mil>.

Army Inventory of Functions Requiring Management Control Evaluations - In October, we added the *updated* inventory of 128 functions to the management control process homepage at <http://www.asafm.army.mil>. The inventory tells which Army functions must be evaluated at least once in five years using either a key control checklist or an existing review. The functional proponents (those who make policy) at the Army headquarters publish the key controls. The inventory states in which documents to find them. However, to improve the ease in finding these key control checklists, we are adding those, that are published, to the management control process homepage. Expect to see this new capability added to the homepage soon.



*Graph represents the percentages from FY 95 to FY 98
of internal sources used by Army MACOMs and
HQDA staff in discovering weaknesses
versus external means.*

Management Control Administrator's (MCA) Course - We will be meeting soon with the U. S. Department of Agriculture to establish the calendar year 1999 training schedule for the two-day administrator's course. The purpose of the two day course is to provide Army Management Control Administrators with the comprehensive training necessary for them to perform their job. This training includes developing a Management Control Plan; conducting effective management control evaluations; identifying material weaknesses and establishing plans to correct them; and preparing annual statements of assurance. We will publish the schedule when it is developed.

PUZZLES WE'VE SEEN

Decipher the hidden meaning in this set of letters -

T R N

Answer to September's Puzzle -
Fly By Night

The Next Edition of The IR Journal

Our next edition of *The IR Journal* will be published during March 1999. Articles and information for the March edition should be received on or before 15 February 1999. Input should be forwarded via e-mail whenever possible. Also, please use New Times Roman, 10 pt text.

The IR Journal

is an unofficial newsletter for the Army Internal Review community published by the Office of the Deputy Assistant Secretary of the Army (Financial Operations). Its objective is to keep readers informed of issues that may affect or have affected the Army's Internal Review Program, the internal audit profession or auditing in the Federal government. *The IR Journal* will not be used to announce new or revised Army policy. It will however, often discuss new or changed policies subsequent to official announcement.

The editorial staff would like to hear your comments or ideas on improving *The IR Journal*. We would also ask you to submit articles, questions, good news, lessons learned, innovative audit techniques employed, recommendations for training, or letters to the editor.

We ask DA Staff and MACOM Internal Review offices to provide us with information on promotions, awards, new assignments, births, marriages, etc. This is **your** publication, so please help us serve you better.

Please feel free to contact our editorial staff, **Bob Barnhart** and **Michelle Doyle**, at any time. They can be reached at DSN 225-2909, COMM (703) 695-2909/7693; FAX - DSN 223-1028, COMM (703) 693-1028; or e-mail BARNHRW@hqda.army.mil or DOYLEM@hqda.army.mil. Comments or questions pertaining to the Management Control Page can be directed to **Mike Petty** at DSN: 225-3225; COMM (703) 695-3225; or e-mail PETTYTM@hqda.army.mil. Mike's FAX number is the same as shown above. *The IR Journal* is available and downloadable from the Internal Review Homepage at <http://www.asafm.army.mil> - (click on Internal Review).

"Men who never get carried away should be."

- - Malcolm Forbes

